

Muskegon Heights Public Schools Financial Update



**Donald Weatherspoon
Emergency Manager
June 24, 2013**

- Non-Homestead (mills) 18
- Debt Retirement 12.5

Total Millage 30.5

City of Muskegon Heights 68.75

Muskegon 58.23

Montague 61.87

Millage Rates

	<u>Outstanding</u>
• 2006 High School Refunding Bonds	\$18,885,000
• QZAB Energy Conservation Bonds	3,149,000
• School Bond Loan Fund*	2,702,933
• School Loan Revolving Fund*	<u>1,011,232</u>
 Total Long-Term Debt Obligations	 \$25,748,165

*Figures were taken from the 2011/12 audited financial statements

Long-Term Debt Obligations

- 2012 \$72,309,403
- 2011 \$72,951,824
- 2010 \$77,812,996

Non-Homestead Taxable Values

- 2012 \$121,730,221
- 2011 \$123,795,755
- 2010 \$133,073,676

**City of Muskegon Heights –
All Taxable Values**

- 2012 \$842,267
- 2011 \$854,388
- 2010 \$899,061

The City of Muskegon Heights may still owe over \$100K to the school district. This issue is still being reviewed by both the city and school district.

Delinquent Tax Collections

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Property Taxes	\$1,244	\$1,207	\$1,170
Oversight Fees (PSA)	277	277	277
Asset Sales	50	10	-
Other Revenue (State Aid)	107	-	-
Federal Revenue (Deferred from PY)	<u>1,048</u>	-	-
Totals	\$2,726	\$1,494	\$1,447

Revenue Estimates (in thousands)

- Outstanding debt
- Future revenue streams
- Stability of student population
- Excess properties
- Continued operating costs
- Litigation costs
- Technology Enhancement Millage

Ongoing Concerns

- \$19 million for the bond approved by voters in 1989 at 12.5 mills
- \$3.5 million owed on a QZAB bond (energy efficiency bond - paid off in 2023)
- \$1.5 million to Office of Retirement Svs.
- Unemployment & Workmen's Comp
- Utilities (City of MH \$49K)
- \$11 million to the State of Michigan

Outstanding Debt (Estimated)

18 mills Non-Homestead Property Tax

- Debt paid off by 2041 (estimated)
- Non-Homestead Expires in 2028
- \$7.7 million + \$2.4 million = \$10.1 million
- Balance Due:
 - 1% increase in property tax value = \$230,000
 - 1% decrease in property tax value = \$10.8 mil.
- Voters will be asked to renew for 16 years

Future Revenue Streams

MHPS Academy System

- Must survive on estimated \$7,100 state per-student funding
- Fewer students means less funding
- 1,268 2012 (1,426 in 2011)

Stability of Student Population

Sold

- E. Grace Loftis sold for \$7,000

Transferred to the State Land Bank* July 1

- Roosevelt Elementary
- Lindbergh Elementary
- Glendale Elementary

*Michigan Housing Development Authority

Surplus Properties

Estimated to be \$200,000

- One full-time district employee
 - 50% of salary paid by Highland Park
- One full-time contractual employee
 - 50% of salary paid by Highland Park
- Two part-time employees (temp. agency)
- Utilities
- Office supplies

Continued Operating Costs

- \$300,000+ in settlements
- \$200,000 in legal costs

2012 Litigation Costs

- Petitions being circulated for special election
- September 24, 2013
- One Mill for 10 years = \$4.3 million a year
- \$150+ per student, per year
- \$41,000 market value = \$21 more per year
- ALL dollars benefit students
- MAISD gets \$0 by law
- Improve security and technology for all public school students; online testing begins 2014
- Change in law has been requested to extend to PSA systems

Technology Enhancement Millage

- At this point, district finances have been stabilized and repayment plan is in place
- Admin Building is the lone asset remaining that has not been leased
 - It will be Re-appraised and right-of-first-refusal will be offered to City of MH if a buyer presents an offer
- PA436 requires the EM to develop an exit plan which is in progress; If approved the EM could exit by August 2014
- Only economics, an EM order, or change in law can alter this course of action
- Now the EM's primary focus is academics.

What's Next?

Academic Update Public Forum

August 9, 2013

6:00 p.m.

Waters Performing Arts Center
MHPSAS High School